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SUBJECT: DON'T DRINK THE BOTTLED WATER, EITHER: THREE TAJIK  
ENTERPRISES

11. (U) INTRODUCTION: EmbOffs met October 13 with representatives of three companies in Hissor, located 25 minutes west of Dushanbe. On the railway line from Uzbekistan to Dushanbe, Hissor is a key wholesale trading area, with construction materials, gas, wheat flour, canned food, and water bottling enterprises. A number of local entrepreneurs have managed to turn crumbling Soviet-era plants into barely functioning factories, but Hissor is far from a boomtown. END INTRODUCTION.

12. (U) At the "Farrukh" soft drink factory in Hissor, four women sit with bare hands in the production line. As the nearly-filled plastic bottles roll towards them on the conveyor, one woman scoops syrup out of a bucket into the bottles, the next two pour additional water to fill the bottles to the top, and the last screws on the caps. The unappetizing factory conditions contrast sharply with the modern Obi Zulol water bottling factory in the northern city of Istaravshan, which has succeeded in exporting bottled water to ISAF troops in Afghanistan.

13. (U) Izatullo Razikov, the director of the closed joint stock company "Farrukh", inherited 11 hectares of the Soviet factory "Hydro Construction Materials." Utilizing a small room on the third floor of a massive, dilapidated three-story 1980's Soviet factory, Farrukh produced poly propylene bags using Chinese equipment and imported material from Russia and Korea, until last year when import tariffs as high as 33 percent on the raw materials made production unprofitable. Farrukh's main production now includes the water bottling facility described above and an equally unsavory ice-cream production plant. In addition, the grounds contain a hodgepodge of other commercial endeavors, including a small beer brewery, a cotton oil production facility, a small farm, a gas storage facility, propane gas storage facility, and an aluminum smelting facility. (COMMENT: The factory also produces a large number of cobwebs. We could not fathom why Razikov's suspicious deputy was convinced EmbOffs were engaged in industrial espionage to steal Farrukh's corporate secrets. END COMMENT.)

14. (U) Nearby, the privately-owned company "Nuri Dilshod" also arose from the remains of the "Hydro Construction Materials" factory when the company's director, Nurullo Huseinov, purchased twenty percent of the plant in the early 1990's. Conveniently located steps off the railway line, Nuri Dilshod employs 100 workers and operates a flour mill, several large warehouses, and gas storage facilities. The gas storage facility has thirty new

72-ton containers (72,000 liters) and two 700-ton containers. The gas comes from Russia, Turkmenistan and Kazakhstan for distribution on the local market. The company's five-year-old Turkish milling equipment produces 75-80 tons of high-grade flour each day, which is sold in Dushanbe and other local markets. The company imports wheat from Kazakhstan, and operates eight months a year. Several large dusty factory buildings stand largely empty except for stocky Soviet machinery producing a small order of steel-melting tools for the TadAZ aluminum plant located 25 kilometers down the road

15. (U) The "Avicenna" company bottles water, beer and alcohol for local distribution. The company's largely automated yet scraggly bottling plant is a step up from "Farrukh." Mumbling director Abdurazok Saidov told EmbOffs his company earns ten million USD in annual sales, with roughly one million USD profit. The company also owns an asphalt plant, and cooperates in the U.S.-Tajik leather processing joint venture Interfur in Dushanbe.

16. (U) COMMENT: At a Dushanbe briefing October 10, resident World Bank economist Martin Brownbridge noted that very little remaining unused Soviet capital stock could still be brought back into productive use. According to his estimates, "total factor productivity" (TFP) growth accounted for 7.2 percent growth out of overall 9.7 percent GDP growth in Tajikistan from 2001-2004. TFP growth occurs by increasing use of underutilized elements of production, such as old Soviet production capacity. Brownbridge argued that with most of the usable Soviet-era equipment already in use, future GDP growth will slow dramatically. EmbOffs' anecdotal observations in Hissor suggest that Tajiks continue to come up with new and creative ways of bringing old equipment back into production. END COMMENT.

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